

# SENATE BILL REPORT

## SB 5550

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As of February 20, 2017

**Title:** An act relating to authorizing state agencies and institutions of higher education to contract for services.

**Brief Description:** Authorizing state agencies and institutions of higher education to contract for services.

**Sponsors:** Senators Rossi, Baumgartner, Bailey, Braun, Brown, Honeyford, Wilson, Becker and Angel.

**Brief History:**

**Committee Activity:** Commerce, Labor & Sports: 2/06/17, 2/15/17 [DP, DNP].  
**Ways & Means:** 2/20/17.

**Brief Summary of Bill**

- Authorizes state agencies and institutions of higher education to contract for services, including services customarily provided by state civil service employees.
- Repeals the current law regarding competitive contracting for services customarily provided by state civil service employees.

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### SENATE COMMITTEE ON COMMERCE, LABOR & SPORTS

**Majority Report:** Do pass.

Signed by Senators Baumgartner, Chair; Braun, Vice Chair; King, Rossi and Wilson.

**Minority Report:** Do not pass.

Signed by Senators Keiser, Ranking Minority Member; Conway, Hasegawa and Saldaña.

**Staff:** Jarrett Sacks (786-7448)

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Julie Murray (786-7711)

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Background:** Competitive Contracting. A state agency or institution of higher education may contract out for services that are customarily provided by state civil service employees if:

- the invitation to bid or request for proposal contains measurable standards for the performance of the contract;
- the potentially displaced civil service employees are provided the opportunity to offer alternatives to purchasing services by contract or compete for the contract;
- the contract with an entity other than an employee business unit includes a provision requiring the entity to consider employing displaced civil service employees;
- there is an established contract monitoring to measure performance, costs, service delivery quality, and other standards; and
- a determination was made that the contract results in savings or efficiency improvements.

There are several exceptions to the competitive contracting requirements, including:

- the acquisition of printing services by a state agency;
- the contracting out of services by the Department of Enterprise Services as required by law;
- contracting for services and activities necessary to manage the state data center;
- contracts with Washington State businesses entered into by the Department of Corrections through Class II industries; and
- performance-based contracts for certain child welfare and family support services.

**Summary of Bill:** Competitive Contracting. The current law with regard competitive contracting for services customarily provided by civil service employees is repealed.

Any state agency, department, or institution of higher education may purchase services, including services customarily and historically provided by state civil service employees, by contracting with individuals, nonprofit organizations, businesses, employee business units, or other entities.

No state agency, department, or institution of higher education may enter into, renew, extend, or allow the automatic extension of any collective bargaining agreement that restricts or modifies the authority of state agencies, departments, or institutions of higher education to contract for services.

The Office of Financial Management (OFM) must establish a process for identifying savings achieved by state agencies and institutions of higher education as a result of the new authority to contract for services. OFM must provide a report to the Governor and the Legislature biannually outlining the savings achieved as a result of contracting for services.

A provision specifying that state collective bargaining agreements could affect contracts authorized by the repealed law is removed.

Cross-references to the repealed law are corrected.

Referendum Clause. This act must be submitted by the Secretary State to the people for their adoption and ratification, or rejection, at the next general election held by the state.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** The bill is subject to a referendum clause.

**Staff Summary of Public Testimony (Commerce, Labor & Sports):** PRO: The 2002 collective bargaining bill put limits on when agencies could contract for services done by state employees, which makes it difficult to contract for services. This bill ensures that the state gets the best value for its money with its contracts.

CON: The bill is unnecessary. Current law strikes a good balance between allowing state workers to compete but also saving the state money. There have been many instances of contracting out under the current law, and there is no need to change it. The bill denies state employees from showing they can do it cheaper and better.

**Persons Testifying (Commerce, Labor & Sports):** PRO: Senator Dino Rossi, Prime Sponsor.

CON: Greg Devereux, WFSE; Adrienne Thompson, PTE 17; Bing Bristol.

**Persons Signed In To Testify But Not Testifying (Commerce, Labor & Sports):** No one.

**Staff Summary of Public Testimony (Ways & Means):** PRO: The reason I brought this bill forward is not to tell state agencies and universities they have to contract out, but rather, give them the option to ask the question. Does it make sense for the public in terms of service and cost and the combination of these? Removing the prohibition at least lets them ask the question. Before the Personnel Service Reform Act, if a state employee had done that job, it couldn't be contracted out—no matter how much it saved the taxpayer. The current process made it worse. It will be better for citizens, for services, and more efficient with our dollars.

CON: By repealing the current contracting out process, the state is at risk for higher cost and less control over taxpayer dollars. State agencies already have the opportunity so long as the process is used. Provides notice and the opportunity to workers; this is an important provision under the law. This bill eliminates any showing that the contract would result in savings or efficiency. Workers will not be able to demonstrate that they can do the job quicker, better, and cheaper. Unions have demonstrated under the current processes that they can save money.

**Persons Testifying (Ways & Means):** PRO: Senator Dino Rossi, Prime Sponsor.

CON: Alia Griffing, WFSE.

**Persons Signed In To Testify But Not Testifying (Ways & Means):** No one.